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SOUTHWEST GAS CORPORATION

August 15, 2016

Arizona Corporation Commission
Docket Control
1200 West Washington Street
Phoenix, AZ 85007-2996

Re: Docket No. G-01551A-16-0107

Southwest Gas Corporation respectfully submits the attached opposition to the Motion to Intervene filed by Desert Valley Natural Gas, LLC in the above referenced docket.

If you have any questions, please do not hesitate to contact me at 602-395-4058.

Respectfully submitted,

Matthew D. Derr
Regulatory Manager/Arizona

Cc: Service List

Arizona Corporation Commission

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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 **Doug Little, Chairman**

4 **Bob Stump**

5 **Bob Burns**

6 **Tom Forese**

7 **Andy Tobin**

8 In the Matter of the Application of Southwest
9 Gas Corporation for the Establishment of Just
10 and Reasonable Rates and Charges Designed
11 to Realize a Reasonable Rate of Return on the
12 Fair Value of the Properties of Southwest Gas
13 Corporation Devoted to Its Arizona Operations

DOCKET NO. G-01551A-16-0107

14 **OPPOSITION AND RESPONSE TO DESERT VALLEY, LLC'S**
15 **MOTION TO INTERVENE**

16 Pursuant to Section R14-3-105 of the Arizona Administrative Code (A.A.C.), Rule 7.1 of
17 the Rules of Civil Procedure for the Superior Court of Arizona, and the Procedural Order
18 issued June 27, 2016 in the instant docket, Southwest Gas Corporation (Southwest Gas or
19 Company) hereby submits to the Arizona Corporation Commission (Commission) its
20 Opposition to the Motion to Intervene (Motion), filed by Desert Valley Natural Gas, LLC
21 (Desert Valley).

22 **I. Introduction**

23 Generally speaking, Southwest Gas understands that Desert Valley seeks to establish
24 a new program in Arizona whereby it will aggregate multiple utility customers and then
25 purchase natural gas on their behalf. This concept is not currently contemplated in
26 Southwest Gas' tariffs, state law, or Commission regulation, and is not an issue that
27 Southwest Gas raised in its general rate case application.¹

28 In all jurisdictions that Southwest Gas is aware of, including the other states in which
the Company operates, the legislature and/or the state utility commissions have developed
some type of framework governing this aggregation concept. In some instances, that

¹ Southwest Gas' tariff currently allows large customers to designate agents who arrange for the nomination and scheduling of receipts and deliveries of natural gas, but does not contemplate aggregating different customers under a single agent.

1 includes the establishment and enforcement of a registration process, and the
2 establishment and enforcement of standards of conduct. Most importantly, these
3 jurisdictions often look to the state utility commissions and their staffs to maintain consumer
4 protections, and to accept and attempt to resolve any disputes arising between entities that
5 provide aggregation services and the customers they contract with.²

6 Southwest Gas has had discussions, and intends to continue to have good faith
7 discussions, with Desert Valley about their proposal; however, the Company opposes
8 Desert Valley's attempted intervention in this proceeding. As discussed in further detail
9 below, Desert Valley does not meet the criteria for intervention, as it is not directly and
10 substantially affected by the outcome of this proceeding, and the issue it seeks to introduce
11 stands to unduly broaden the scope of this proceeding and unduly burden its administration
12 and adjudication. Indeed, given that Arizona does not presently have a statutory or
13 regulatory framework in place for aggregation services, a rulemaking – not a general rate
14 case docket – is arguably the appropriate procedural vehicle for Desert Valley to pursue in
15 order to introduce this concept to both the Commission and Arizona natural gas customers.

16 **II. Argument**

17 Desert Valley's Motion fails to meet the criteria for intervention required in both Section
18 R14-3-105 of A.A.C., and the Procedural Order.³ First, third parties seeking to intervene in
19 a proceeding must demonstrate that they will be, "directly and substantially affected".⁴
20 Desert Valley fails to make such demonstration. Desert Valley's ability to serve Southwest
21 Gas customers is not directly or substantially affected by any issue or possible outcome in
22 this proceeding – even under the most generous of interpretations. Desert Valley is instead
23 attempting to interject an entirely new issue into this proceeding – one that the Commission
24 has, to date, not elected to entertain. The "perspective and expertise regarding customer
25 secured gas" that Desert Valley offers are not necessary to this proceeding and, as
26 discussed below, are more appropriate and more valuable in a rulemaking where the sole

27 ² See, e.g., Nevada Administrative Code, §§ 704.79501-704.79545; California Public Utilities Code, §§
28 980.0-989.5.

³ Procedural Order issued June 27, 2016, at pg. 6.

⁴ R14-3-105(A).

1 issue for the Commission's consideration is the establishment of a framework for
2 aggregation service in Arizona. Second, Desert Valley fails to establish that its participation
3 in this docket will not unduly broaden the issues, nor unduly burden the proceedings.⁵ In
4 fact, the exact opposite is true. Desert Valley's proposal represents a new concept for the
5 Commission – one that it should thoroughly vet and adopt rules to govern, upon receiving
6 input from interested parties and potentially considering what rules and regulations other
7 jurisdictions have in place. Further, the issue of aggregation service is not exclusive to
8 Southwest Gas and Desert Valley. There are other public utilities providing natural gas
9 service in Arizona; there are customers of those utilities who may wish to explore an
10 aggregation model; and there are other entities providing aggregation services who may
11 wish to offer input on how the Commission can develop effective and equitable regulations
12 specific to this issue. To consider this issue within the confines of Southwest Gas' general
13 rate case is not only procedurally improper, but would result in a significant expansion of
14 the matters currently presented and an immense burden on both the current parties to the
15 proceeding and the Commission. Moreover, given the number of parties potentially
16 interested in the Commission's consideration of the aggregation concept – most of whom
17 have no other interest in this docket, Desert Valley's intervention stands to unduly burden
18 the administration and ultimate adjudication of this proceeding.

19 Desert Valley will not be unduly harmed by a decision denying its Motion, as it will
20 continue to have the option of petitioning the Commission to establish a rulemaking to
21 develop a structure for governing aggregation service in Arizona. This is seemingly the
22 more appropriate venue for pursuing these objectives.

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⁵ R14-3-105(B).

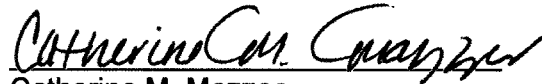
1 **III. Conclusion**

2 Simply put, Desert Valley will be unaffected by the outcome of the instant proceeding,
3 even under the most generous of interpretations, and allowing its intervention will
4 undoubtedly expand the scope of the docket and unduly burden the administration of this
5 proceeding. Based on the foregoing, Southwest Gas respectfully requests that Desert
6 Valley's Motion be denied.

7 Dated this 15th day of August, 2016.

8 Respectfully submitted,

9 SOUTHWEST GAS CORPORATION

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1 An Original and 13 copies of the foregoing
2 were filed this 15th day of August, 2016, with:

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7 Copies of the foregoing were hand-delivered or mailed
8 this 15th day of August, 2016, to:

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